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Form 10-103

May 16, 2010

Office

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM

87505

State of New Mexico
Energy, Minerals and Natural ResourcesOIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO.

30 025 37139

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name
Jalmar Field Yates Sand Unit

8. Well Number 218

9. OGRID Number 184860

10. Pool name or Wildcat
Jalmar Tan-Yates-7Rvrs

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☐ Other ☒

2. Name of Operator

Melrose Operating

3. Address of Operator

20333 State Highway 249, Suite 310, Houston, Texas 77070

4. Well Location

Unit Letter B: 10 feet from the North line and 1330 feet from the East line
Section 13 Township 22S Range 35E NMPM County La

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐OTHER: Squeeze bottom perfs

OTHER:

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Intent

06/05/10 MIRUPU POOH w rods & pump. NDWH & NU BOP POOH w tubing. RIH w cement retainer, set CR above bottom perfs
RU HES & squeeze bottom perfs w/ 100 sx PremPlus 2% CaCl Cement SI for 72hr, RU & Drill out CR & cement & test to 500#; if
squeeze hold hang well back on production.

Spud Date:

12/06/05

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE

TITLE

Operations Engineer

DATE 06/05/2010

Type or print name Pctar Evtimov

E-mail address: pcvtimov@melroseenergy.com PHONE: 832 698 7000

For State Use Only

APPROVED BY:

TITLE

Staff NGR

DATE 5-11-10

Conditions of Approval (if any):

WELL DIAGRAM

Operator - Melrose Operating Company

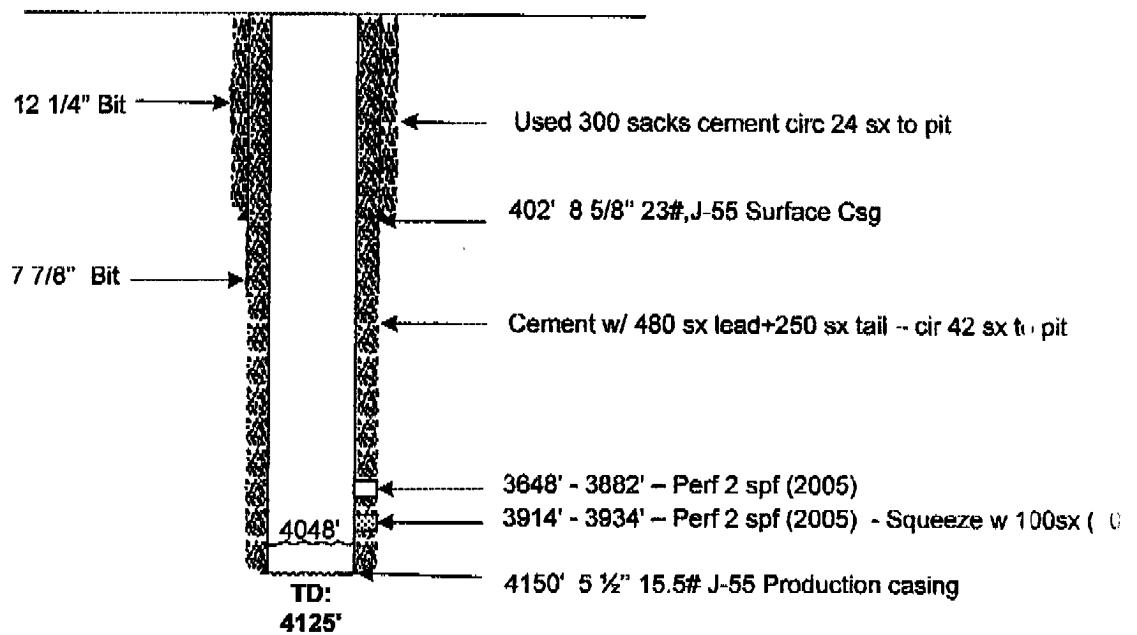
Lease Name - Jalmat Field Yates Sand Unit

API - 30 025 37139

Location - Unit B 10' FNL & 1330' FEL, Section 13, T 22S, R 35E NMPM Lea Country, NM

Spud - 12/06/05

Well - 218



MELROSE OPERATING COMPANY

20333 STATE HWY #249, STE. 310, HOUSTON, TX, 77070

5/06/2010

FAX**To:** El Gonzalez**Phone:** 575 393 6161**Company Name:** NMOCD - Hobbs**Fax:** 575 393 0720**From:** Peter Evtimov -- MOC Operations Engineer**Phone:** 832 698 7000**Company Name:** MELROSE OPERATING COMPANY**Fax:** 832 698 7010**Number of Pages:** 6**Urgent:** Yes**Subject:** C-103, C105

JFYSU #139, 218